



AUGUST 2018

INVESTOR UPDATE



In addition to historical information, this release contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Words such as “forecasts”, “expects,” “intends,” “believes,” “anticipates,” “estimates”, “should,” “likely” and similar expressions identify forward-looking statements. Such statements include, but are not limited to, statements about the continued demand for our product, the wind-down of ExpressJet’s flying agreement with Delta, and the related removal from service and/or placement into service of certain aircraft, the scheduled aircraft deliveries for SkyWest Airlines for 2018, as well as SkyWest’s future financial and operating results, plans, objectives, expectations, estimates, intentions and outlook, and other statements that are not historical facts. All forward-looking statements included in this release are made as of the date hereof and are based on information available to SkyWest as of such date. SkyWest assumes no obligation to update any forward-looking statement. Readers should note that many factors could affect the future operating and financial results of SkyWest, SkyWest Airlines or ExpressJet, and could cause actual results to vary materially from those expressed in forward-looking statements set forth in this release. These factors include, but are not limited to, the prospects of entering into agreements with existing or other carriers to fly new aircraft, ongoing negotiations between SkyWest, SkyWest Airlines and ExpressJet and their major partners regarding their contractual obligations, uncertainties regarding operation of new aircraft, the ability to attract and retain qualified pilots, the impact of regulatory issues such as pilot rest rules and qualification requirements, and the ability to obtain aircraft financing.

Actual operational and financial results of SkyWest, SkyWest Airlines and ExpressJet will likely also vary, and may vary materially, from those anticipated, estimated, projected or expected for a number of other reasons, including, in addition to those identified above: the challenges and costs of integrating operations and realizing anticipated synergies and other benefits from the acquisition of ExpressJet; the challenges of competing successfully in a highly competitive and rapidly changing industry; developments associated with fluctuations in the economy and the demand for air travel; the financial stability of SkyWest’s major partners and any potential impact of their financial condition on the operations of SkyWest, SkyWest Airlines, or ExpressJet; fluctuations in flight schedules, which are determined by the major partners for whom SkyWest’s operating airlines conduct flight operations; variations in market and economic conditions; significant aircraft lease and debt commitments; residual aircraft values and related impairment charges; labor relations and costs; the impact of global instability; rapidly fluctuating fuel costs, and potential fuel shortages; the impact of weather-related or other natural disasters on air travel and airline costs; aircraft deliveries; the ability to attract and retain qualified pilots and other unanticipated factors. Risk factors, cautionary statements and other conditions which could cause SkyWest’s actual results to differ materially from management’s current expectations are contained in SkyWest’s filings with the Securities and Exchange Commission, including its most recent Annual Report on Form 10-K and Quarterly Reports on Form 10-Q.

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STRATEGIC PLAN



FLEET & EARNINGS INITIATIVES

Growth in E175s – 146 by end of 2018
Shrink unprofitable / less-profitable flying
Discipline with flying commitments



RISK REDUCTION

E175 fleet with little/no tail risk
Extending/transitioning fleet coming off contract
Simplify ExpressJet's operations



RETURN ON CAPITAL

Fleet investment drives strong cash flow
Return for shareholders
Reduce leverage, absent growth opportunities

Increasing SkyWest Value:

- Adding 20 new E175/SC aircraft in second half of 2018
- Adding 20 new CRJ900 aircraft from second half of 2018 to 2020
- Transitioning 20 CRJ700 aircraft from an expiring contract to a four-year American contract
- Transitioning 20 CRJ200 aircraft from an expiring contract to a three-year United contract
- Extending 19 CRJ700 aircraft for a three-year term under our United contract
- Anticipate reducing debt, net of cash by \$500 million in 2019 and again in 2020, absent new fleet investment



SOLID
FOUNDATION

SAFETY
FIRST

SAFETY
Best in Class Safety



OPERATIONS
Reliable Operational Performance



LIQUIDITY & CAPITAL
Deploy Capital in Optimal Manner



INVEST
Invest for the Future








DISCIPLINE & RISK MGMT.
Discipline on Flying Commitment

AIRCRAFT IN SERVICE


JUNE 30, 2018

EMBRAER

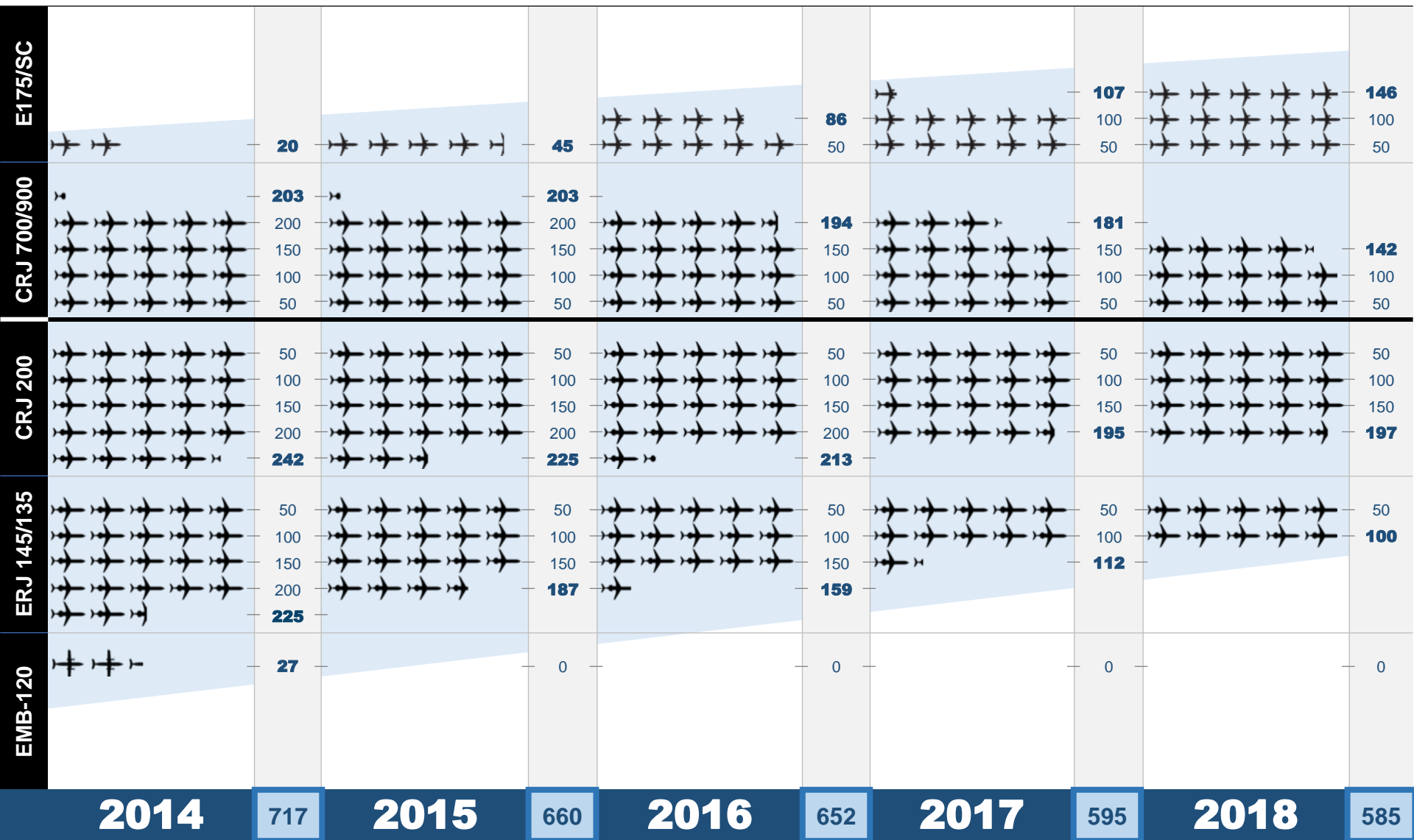
BOMBARDIER

| | Total 583 | SkyWest AIRLINES | EXPRESSJET | UNITED | DELTA | Alaska AIRLINES | American Airlines |
|---|--------------|---------------------|------------|--------|-------|--------------------|-------------------|
| E175  <ul style="list-style-type: none"> All debt financed Average age 2 years | 126 | ● | | ● | ● | ● | |
| ERJ145/135  <ul style="list-style-type: none"> All partner financed Average age 16 years | 100 | | ● | ● | | | |
| CRJ900  <ul style="list-style-type: none"> Debt (20), lease (5) and partner financed (11) Average age 11 years | 36 | ● | | | ● | | |
| CRJ700  <ul style="list-style-type: none"> Own (6), debt (60), lease (47) and partner financed (10) Average age 13 years | 123 | ● | ● | ● | ● | | ● |
| CRJ200  <ul style="list-style-type: none"> Own (100), debt (19), lease (60) and partner financed (19) Average age 16 years | 198 | ● | | ● | ● | ● | ● |

5 Year Fleet Transition

 = Qty. of 10

Q2 2018



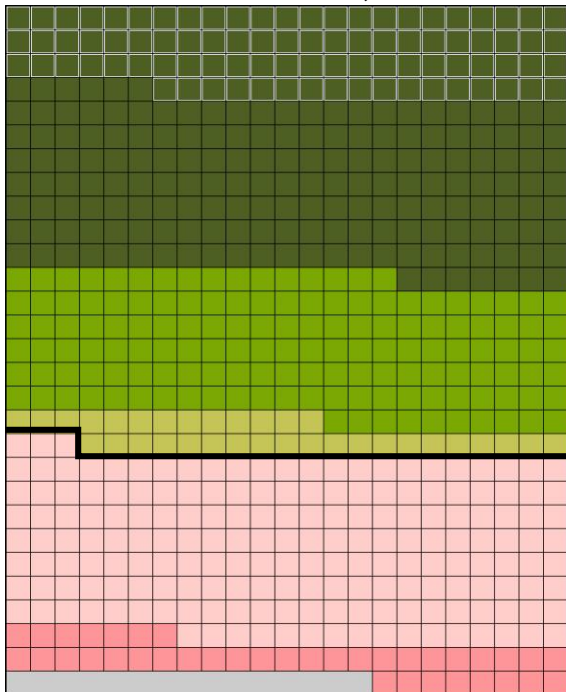
← ACTUAL → FORECAST →

Financial Improvement in Flying Contracts / Fleet Mix

Q2 2018

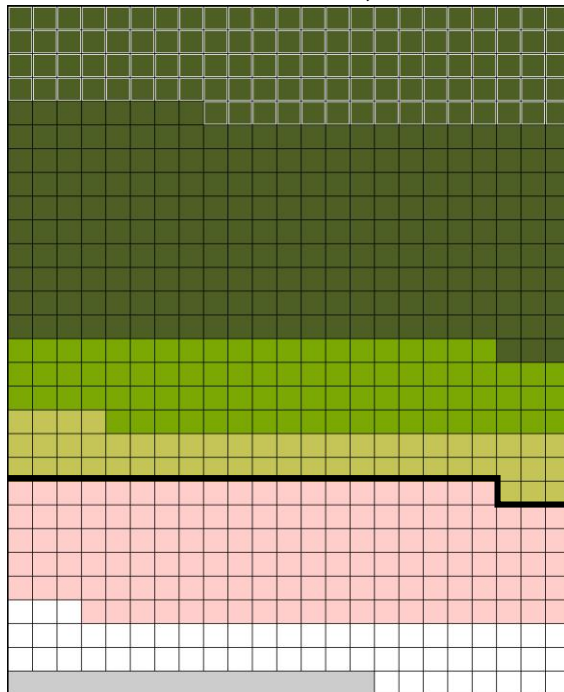


December 31, 2016



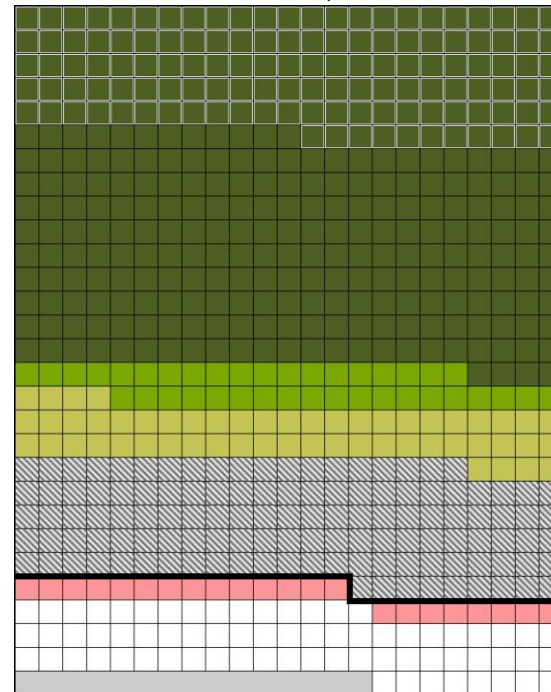
Aircraft in service: **652**

December 31, 2017



Aircraft in service: **595**

June 30, 2018



Aircraft in service: **583**

Legend:

- Each colored box represents one aircraft
- Each white box represents one removed aircraft
- New E175 aircraft
- Significant annualized earnings
- Breakeven economics
- Significant annualized losses

| | |
|---|------|
| Operating Fleet as of December 31, 2016: | 652 |
| Added E175s | 40 |
| Removed CRJ700/900s | (35) |
| Removed CRJ200s | (15) |
| Removed ERJ145s/135s | (59) |
| Operating Fleet as of June 30, 2018: | 583 |

Anticipated Fleet Mix Movement

Q2 2018



┌───┐ **Estimated transition period**
→ **Ongoing contract**

| | Announced fleet transition activity | 2H 2018 | 2019 | 2020 | 2021+ | Impact | |
|---------------|---|------------|---------|-----------------------|-------|-------------------------------|---|
| E175 | New E175/SCs (Delta and Alaska) | ┌ 20 ─┐ | → | | | 3 → | 43 new E175/CRJ900 aircraft (9-12 year terms) |
| CRJ900 | New CRJ900s (Delta to own) | ┌───┐ | 20 | ┌───┐ | → | | |
| CRJ700 | Contract expiration 700s (Delta - SkyWest) | ┌───┐ | (20) | ┌───┐ | | (50) 700s coming off contract | |
| | Contract expiration 700s (Delta - ExpressJet) | ┌(30)─┐ | | | | | |
| | Contract expiration 700s (American - ExpressJet) | | ┌(12)─┐ | | | | |
| | Transition 700s to new contract (American) | ┌ 20 ─┐ | → | | | → | 20 700s transition to new contract (4 year term) |
| | Short-term agreement 700s (American) | ┌ 8 (8) ─┐ | | | | | Temporary use 8 of 30 Delta 700 removals |
| | Potential use for 30 700s coming off contract: - Redeploy under new flying agreements - Part out for spare engines, use as spare - Lease engines/aircraft or sell aircraft | | | ┌ ~8 ┌ ~5 ┌ ~17 | | | 30 owned 700s have low debt remaining. Allows flexibility to utilize aircraft/engines in alternative solutions. |
| CRJ200 | Transition 200s to new contract (United) | ┌(20) 20┐ | → | | | → | 20 200s to new ExpressJet contract (3 year term) |

- 43 new aircraft to be placed under contract over the next three years
- 30 unplaced CRJ700s to be initially used to support American transition
- Long-term solution for the 30 unplaced CRJ700s begins primarily mid 2019
- Separately, extended 19 CRJ700s with United for a three-year term
- Aircraft downtime expected during transition periods

Scheduled Deliveries for New Dual-Class Aircraft

Q2 2018

SKYWEST
INCORPORATED



E175 SC



E175

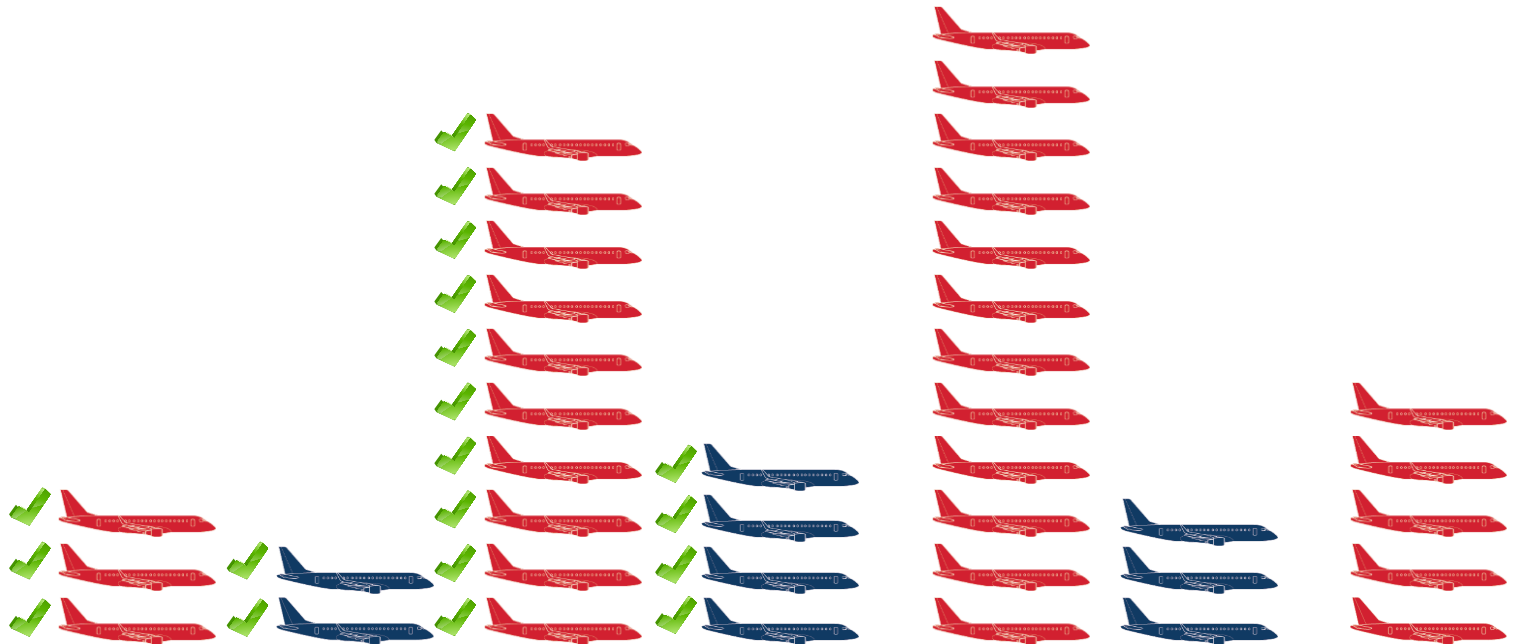
30 E175 SC

Delta



9 E175

Alaska



Q1
(5 total)

Q2
(14 total)

Q3
(15 total)

Q4
(5 total)



















2018

SkyWest – A Different Airline Model

Q2 2018



- Network capacity fluctuations
- Passenger load factor and seat inventory
- Passenger fare volatility
- Fuel volatility
- Labor availability and costs
- Aircraft maintenance
- Operational performance
- Competition
- Aircraft fleet financing risk

| Contract Flying Model Risks | Traditional Airline Risks |
|--|--|
|   |     |
| |  |
| |  |
| |  |
| |  |
|  |  |
|  |  |
|  |  |
|  |  |
| Varies by aircraft/contract | |

- Contract flying model based on value of regional passenger demand, without the typical airline risks
- ~ 10% of SkyWest's fleet is under prorate arrangements (not contract model) which has more traditional airline risk/rewards

First Half 2018 Financial Results

Q2 2018



\$ in millions except EPS

2018 Quarterly Results

| | Q1 2018 | Q2 2018 | First Half 2018 |
|---------------------------------|----------------|----------------|-----------------|
| Revenue | \$ 783 | \$ 806 | \$ 1,589 |
| Operating expenses | 695 | 679 | 1,374 |
| Interest expense and other, net | 21 | 29 | 49 |
| Pre-tax income | \$ 67 | \$ 98 | \$ 166 |
| Income tax provision | \$ 13 | \$ 22 | \$ 35 |
| Net income | \$ 54 | \$ 76 | \$ 130 |
| Diluted EPS | \$ 1.03 | \$ 1.43 | \$ 2.46 |

2017 Quarterly Results

| | Q1 2017 | Q2 2017 | First Half 2017 |
|---------------------------------|----------------|----------------|-----------------|
| Revenue | \$ 747 | \$ 792 | \$ 1,539 |
| Operating expenses | 671 | 685 | 1,356 |
| Interest expense and other, net | 24 | 26 | 50 |
| Pre-tax income | \$ 52 | \$ 81 | \$ 133 |
| Income tax provision | \$ 17 | \$ 30 | \$ 48 |
| Net income | \$ 35 | \$ 50 | \$ 85 |
| Diluted EPS | \$ 0.65 | \$ 0.95 | \$ 1.61 |

Q2 2018 pre-tax income up 21% from Q2 2017 primarily from:

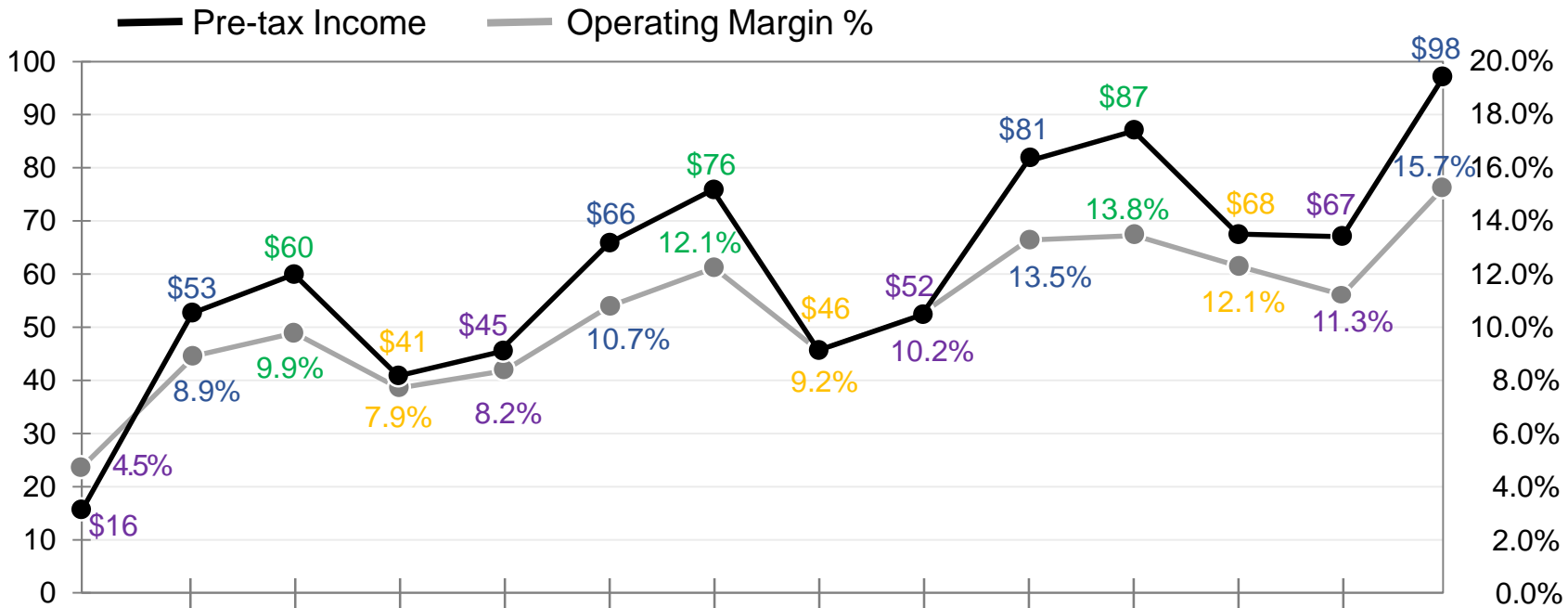
- Benefit from 23 E175 aircraft added since Q2 2017
- Reduction in 24 unprofitable ERJ145 aircraft since Q2 2017
- Reduced maintenance costs from transition to younger fleet

Tax Cut and Jobs Act enacted in Q4 2017 reduced our federal tax rate from 35% to 21%

EARNINGS TRAJECTORY

Pre-Tax Income (\$ in millions)

Operating Margin %

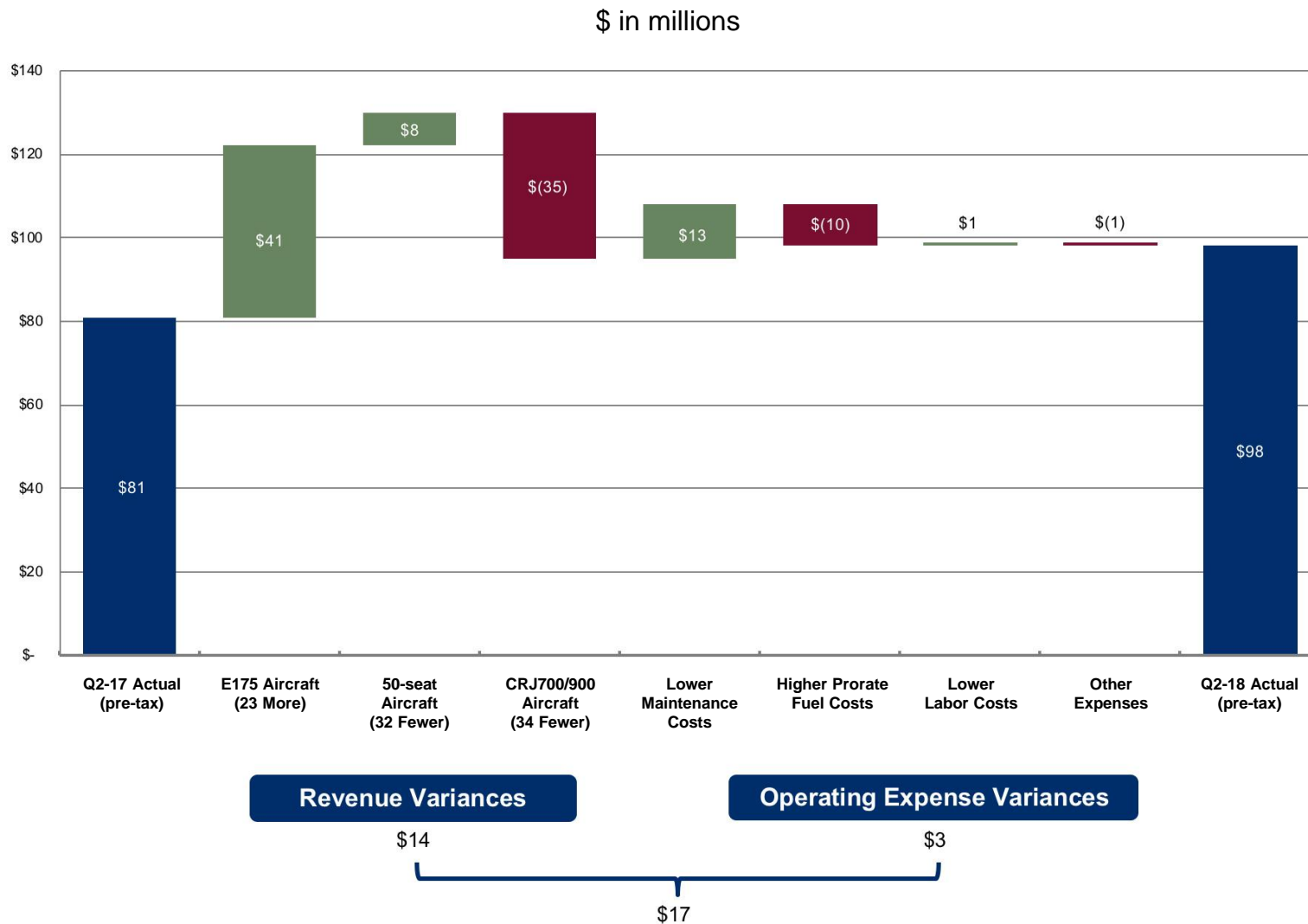


Q1-15 Q2-15 Q3-15 Q4-15 Q1-16 Q2-16 Q3-16 Q4-16 Q1-17 Q2-17 Q3-17 Q4-17 Q1-18 Q2-18

| | | | |
|---|--|--|--|
| <p>\$1.98 EPS*</p> <p>OP Margin: 7.6%</p> <p>Annual PTI: \$170 million</p> | <p>\$2.73 EPS*</p> <p>OP Margin: 10.1%</p> <p>Annual PTI: \$233 million</p> | <p>\$3.43 EPS*</p> <p>OP Margin: 12.4%</p> <p>Annual PTI: \$288 million</p> | <p>\$2.46 EPS</p> <p>YTD OP Margin: 13.5%</p> <p>YTD PTI: \$166 million</p> |
|---|--|--|--|

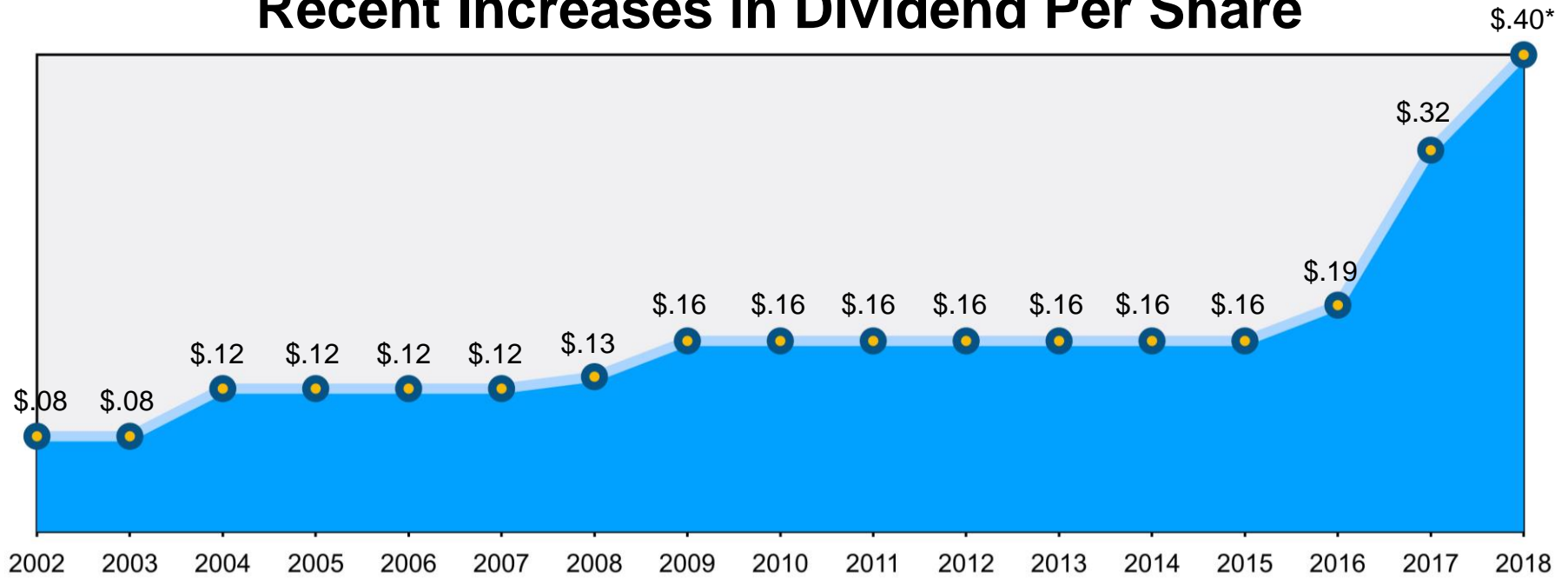
* Adjusted for special items, as disclosed in SkyWest's Q4 2015, Q4 2016 and Q4 2017 earnings releases

Q2-18 Improvement from Q2-17



ANNUAL DIVIDEND HISTORY

Recent Increases in Dividend Per Share



* Estimated based on February 2018 announced increase to \$0.10 quarterly dividend.

Balance Sheet Highlights (\$ in millions)

Q2 2018



Summary Balance Sheet

December 31, 2017

| | | |
|-----------------------------|-----------|--------------|
| Cash, marketable securities | \$ | 685 |
| Other current assets | | 310 |
| Current assets | | 995 |
| PP&E and other | | 4,479 |
| Total assets | \$ | 5,474 |

Summary Balance Sheet

June 30, 2018

| | | |
|-----------------|-------|-----------------------------|
| \$ | 649 | Cash, marketable securities |
| | 326 | Other current assets |
| 975 | | Current assets |
| | 4,938 | PP&E and other |
| \$ 5,913 | | Total assets |

| | | |
|-------------------------------------|-----------|--------------|
| Current portion of debt | \$ | 310 |
| Other current liabilities | | 511 |
| Current liabilities | | 821 |
| Long-term debt | | 2,377 |
| Other long-term liabilities | | 522 |
| Shareholders' equity | | 1,754 |
| Total liabilities and equity | \$ | 5,474 |

| | | |
|-----------------|-------|-------------------------------------|
| \$ | 353 | Current portion of debt |
| | 525 | Other current liabilities |
| 878 | | Current liabilities |
| | 2,616 | Long-term debt |
| | 558 | Other long-term liabilities |
| | 1,861 | Shareholders' equity |
| \$ 5,913 | | Total liabilities and equity |

Leverage Ratio:
.61

Anticipated changes in capital (based on announced deliveries):

- Projected debt peaks at \$3.2 billion end of 2018
- 2019/2020 pay down debt in excess of \$300 million per year
- 2019/2020 FCF after debt service \$200 million per year
- Reinvest \$70 million FCF towards equity in 20 new E175s over remainder of 2018

SkyWest, Inc. Operating Fleet (June 30, 2018)

Q2 2018



66+ Seat Dual Class Jets

CRJ700 CRJ900 E175 Total

| | | | | |
|----------------------------|-----------|-----------|------------|------------|
| United – contract flying | 20 | - | 65 | 85 |
| United – prorate flying | - | - | - | - |
| Delta – contract flying | 27 | 36 | 32 | 95 |
| Delta – prorate flying | - | - | - | - |
| American – contract flying | 38 | - | - | 38 |
| American – prorate flying | - | - | - | - |
| Alaska – contract flying | - | - | 29 | 29 |
| | 85 | 36 | 126 | 247 |



CRJ700 CRJ900 E175 Total

| | | | | |
|----------------------------|-----------|---|---|-----------|
| United – contract flying | - | - | - | - |
| Delta – contract flying | 22 | - | - | 22 |
| American – contract flying | 16 | - | - | 16 |
| | 38 | - | - | 38 |

Combined

123 36 126 285

50 Seat Jets

CRJ200 ERJ135/145 Total

| | | |
|------------|---|------------|
| 64 | - | 64 |
| 21 | - | 21 |
| 60 | - | 60 |
| 34 | - | 34 |
| 10 | - | 10 |
| 7 | - | 7 |
| 2 | - | 2 |
| 198 | - | 198 |

CRJ200 ERJ135/145 Total

| | | |
|---|------------|------------|
| - | 100 | 100 |
| - | - | - |
| - | - | - |
| - | 100 | 100 |

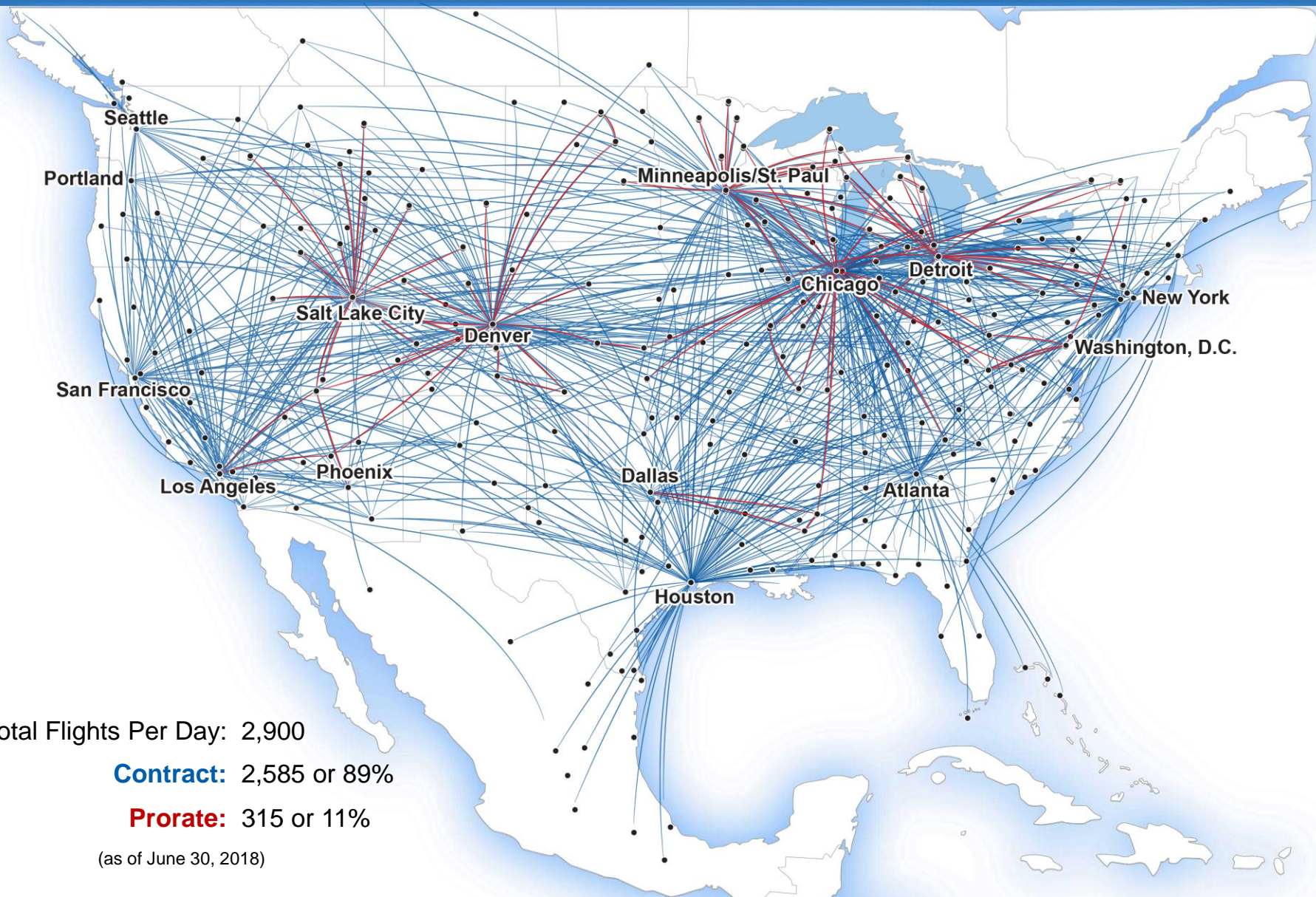
198 100 298

Combined

Total

| |
|------------|
| 149 |
| 21 |
| 155 |
| 34 |
| 48 |
| 7 |
| 31 |
| 445 |
| Total |
| 100 |
| 22 |
| 16 |
| 138 |
| 583 |

CONTRACT & PRORATE ROUTES



Total Flights Per Day: 2,900

Contract: 2,585 or 89%

Prorate: 315 or 11%

(as of June 30, 2018)

Reconciliation of Non-GAAP Financial Measures

Reconciliation to Adjusted Net Income and Diluted Earnings per Share (unaudited)

(Dollars in thousands, except per diluted share)

Three months ended December 31, 2017

| | Pre-tax Income | Income tax benefit (expense) | Net Income | Net Income Per Diluted Share |
|-------------------------|----------------|------------------------------|------------|------------------------------|
| GAAP income | \$ 68,238 | \$ 221,690 | \$ 289,928 | \$ 5.46 |
| Q4 2017 adjustments (1) | - | (246,845) | (246,845) | |
| Adjusted income | \$ 68,238 | \$ (25,155) | \$ 43,083 | \$ 0.81 |

Three months ended December 31, 2016

| | Pre-tax Income (loss) | Income tax benefit (expense) | Net Income (loss) | Net Income (loss) Per Diluted Share |
|-------------------------|-----------------------|------------------------------|-------------------|-------------------------------------|
| GAAP income (loss) | \$ (426,222) | \$ 155,977 | \$ (270,245) | \$ (5.22) |
| Q4 2016 adjustments (2) | 465,649 | (171,047) | 294,602 | |
| Q4 2016 adjustments (3) | 6,878 | (2,526) | 4,352 | |
| Non-GAAP income (4) | \$ 46,305 | \$ (17,596) | \$ 28,709 | \$ 0.54 |

For the three months ended December 31, 2015

| | Pre-tax Income | Income tax benefit (expense) | Net Income | Net Income Per Diluted Share |
|-------------------------|----------------|------------------------------|------------|------------------------------|
| GAAP income | \$ 65,760 | \$ (25,306) | \$ 40,454 | \$ 0.78 |
| Q4 2015 adjustments (6) | (24,731) | 9,517 | (15,214) | |
| Non-GAAP income | \$ 41,029 | \$ (15,789) | \$ 25,240 | \$ 0.49 |

For the year ended December 31, 2017

| | Pre-tax Income | Income tax benefit (expense) | Net Income | Net Income Per Diluted Share |
|---------------------------|----------------|------------------------------|------------|------------------------------|
| GAAP income | \$ 288,183 | \$ 140,724 | \$ 428,907 | \$ 8.08 |
| 2017 year adjustments (1) | - | (246,845) | (246,845) | |
| Adjusted income | \$ 288,183 | \$ (106,121) | \$ 182,062 | \$ 3.43 |

For the year ended December 31, 2016

| | Pre-tax Income (loss) | Income tax benefit (expense) | Net Income (loss) | Net Income (loss) Per Diluted Share |
|-------------------------|-----------------------|------------------------------|-------------------|-------------------------------------|
| GAAP income (loss) | \$ (248,812) | \$ 87,226 | \$ (161,586) | \$ (3.14) |
| Q4 2016 adjustments (2) | 465,649 | (171,047) | 294,602 | |
| Q4 2016 adjustments (5) | 16,101 | (6,023) | 10,078 | |
| Non-GAAP income (4) | \$ 232,938 | \$ (89,844) | \$ 143,094 | \$ 2.73 |

For the year ended December 31, 2015

| | Pre-tax Income | Income tax benefit (expense) | Net Income | Net Income Per Diluted Share |
|---------------------------|----------------|------------------------------|------------|------------------------------|
| GAAP income | \$ 194,322 | \$ (76,505) | \$ 117,817 | \$ 2.27 |
| 2015 year adjustments (6) | (24,731) | 9,517 | (15,214) | |
| Non-GAAP income | \$ 169,591 | \$ (66,988) | \$ 102,603 | \$ 1.98 |

These adjustments allow investors to better understand and analyze our recurring core performance in the periods presented.

- (1) Adjusts for tax benefit resulting from the TCJA enacted during Q4 2017 that resulted in a revaluation of SkyWest's deferred tax assets and liabilities.
- (2) Adjusts for a non-cash impairment charge on 50-seat aircraft and related long-lived assets and spare aircraft parts net of a \$90 million early settlement of residual value guarantees with Bombardier received in Q4 2016.
- (3) Adjusts for early lease return charges on four CRJ700s.
- (4) Pro forma diluted shares outstanding for Non-GAAP net income were 52,806,000 and 52,369,000 for the three and twelve months ended December 31, 2016, respectively.
- (5) Adjusts for early lease return charges on eight CRJ700s.
- (6) Adjusts for early debt payoff gain, net of resolution of a contract matter with a major airline partner

Although SkyWest's financial statements are prepared in accordance with accounting principles generally accepted in the U.S. ("GAAP"), SkyWest management believes that certain non-GAAP financial measures may provide investors with useful information regarding the underlying business trends and performance of SkyWest's ongoing operations and may be useful for period-over-period comparisons of such operations. The table above reconciles income before income taxes, excluding special items, to GAAP financial statements for the periods indicated (dollars in millions). Readers should consider this non-GAAP measure in addition to, not a substitute for, financial reporting measures prepared in accordance with GAAP. This non-GAAP financial measure excludes some, but not all, items that may affect SkyWest's net income. Additionally, this calculation may not be comparable with similarly titled measures of other companies.



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